



## Senate

General Assembly

**File No. 190**

January Session, 2013

Substitute Senate Bill No. 944

*Senate, March 27, 2013*

The Committee on Energy and Technology reported through SEN. DUFF of the 25th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### **AN ACT ESTABLISHING A PILOT PROGRAM TO ALLOW FOR MUNICIPAL AGGREGATION.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective from passage*) (a) There is established a  
2       municipal electric aggregation pilot program for the purpose of  
3       negotiating the purchase of electric generation services from an electric  
4       supplier for all residential electric customers within the legal  
5       boundaries of a municipality. A municipality with a population of  
6       more than one hundred forty thousand that, on or before January 1,  
7       2013, established an energy improvement district, as described in  
8       sections 32-80a to 32-80c, inclusive, of the general statutes,  
9       encompassing the entire municipality, may participate in said program  
10      by adopting an ordinance to form a municipal aggregation unit and,  
11      on or before January 1, 2014, filing such ordinance with the Public  
12      Utilities Regulatory Authority. Such ordinance shall specify the  
13      organizational structure of such unit.

14      (b) A municipal aggregation unit may enroll residential electric

15 customers in the municipal aggregation pilot program not earlier than  
16 July 1, 2014, and for a period of not more than two years. Said program  
17 shall allow residential electric customers who have not contracted with  
18 an electric supplier to opt out of the electric service offered by the  
19 municipal aggregation unit. Residential electric customers who have  
20 contracted with an electric supplier may opt in to the pilot program,  
21 provided nothing in this section shall affect or impair any existing  
22 contractual obligations with such supplier.

23 (c) Not later than October 1, 2013, the Public Utilities Regulatory  
24 Authority shall initiate a proceeding to develop pilot program  
25 requirements which shall include, but not be limited to, the manner by  
26 which residential electric customers are provided (1) notice of  
27 enrollment in the pilot program, (2) information regarding rates and  
28 environmental characteristics of each category of energy source, (3)  
29 information regarding contract terms and conditions, and (4) notice  
30 regarding a customer's right to cancel service. A municipal aggregation  
31 unit shall provide residential electric customers not less than sixty  
32 days' notice prior to enrollment in the pilot program.

33 (d) A municipal aggregation unit shall issue a request for proposals  
34 to licensed electric suppliers for the provision of electric generation  
35 service and select a bidder after providing a written analysis that the  
36 economic benefits will be equal to or exceed the current or projected  
37 economic benefits of receiving electric generation services through  
38 standard service. The municipal aggregation unit shall retain the  
39 services of a firm having expertise in electric aggregation and energy  
40 procurement to provide assistance with its participation in the pilot  
41 program, including, but not limited to, the development of its request  
42 for proposals. The municipal aggregation unit shall not be subject to  
43 the provisions of section 16-245s of the general statutes.

44 (e) Not later than January 1, 2016, the Public Utilities Regulatory  
45 Authority, in consultation with the Office of Consumer Counsel, shall  
46 submit, in accordance with section 11-4a of the general statutes, a  
47 report to the joint standing committee of the General Assembly having

48 cognizance of matters relating to energy concerning (1) the  
49 performance of the municipal electric aggregation pilot program, and  
50 (2) findings and recommendations as to whether (A) the time period  
51 for the pilot program should be extended, and (B) the pilot program  
52 should be expanded state-wide.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

**ET**            *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

---

**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 14 \$</b>	<b>FY 15 \$</b>
Bridgeport	Potential Savings	See Below	See Below

**Explanation**

The bill allows Bridgeport to establish a pilot “opt-out” municipal electric aggregation program. This may result in potential savings to ratepayers, including the city of Bridgeport.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sSB 944*****AN ACT ESTABLISHING A PILOT PROGRAM TO ALLOW FOR MUNICIPAL AGGREGATION.*****SUMMARY:**

This bill allows a municipality that meets specific criteria (i.e., Bridgeport) to establish a pilot “opt-out” municipal electric aggregation program. Under the program, residential customers who have not chosen an electric supplier would be allocated to a supplier selected by the municipality following a request for proposals (RFP), unless they affirmatively chose not to be served by this supplier. Residential customers who already had a supplier could switch to the municipally designated supplier, unless this was precluded by an existing contract.

The bill requires the Public Utilities Regulatory Authority (PURA) to develop program requirements and PURA, in consultation with the Office of Consumer Counsel, to report on it to the Energy and Technology Committee by January 1, 2016.

EFFECTIVE DATE: Upon passage

**CREATING THE PROGRAM**

The bill allows a municipality with a population of more than 140,000 that, on or before January 1, 2013, established a city-wide energy improvement district (i.e., Bridgeport), to adopt an ordinance to form a municipal aggregation unit. A municipality served by a municipal electric utility that declined to participate in the competitive electric generation market prior to January 1, 2013, may not form an aggregation unit.

The ordinance must specify the unit’s organizational structure. By

January 1, 2014, the municipality must file the ordinance with PURA. PURA may establish additional filing deadlines as it deems appropriate. Unlike other aggregators, the municipal aggregation unit is not subject to the laws governing how customers confirm that they are switching their supplier.

## **PROGRAM REQUIREMENTS**

A participating municipality must serve as an aggregator to negotiate the purchase of generation services from a supplier for all residential electric customers in its legal boundaries.

By October 1, 2013, PURA must start a proceeding to develop a set of program requirements. These must at least specify how residential customers are provided:

1. notice of the start of a program,
2. information on rates and environmental characteristics (presumably of the power being sold by the chosen supplier),
3. information on contract terms and conditions, and
4. notice on a customer's right to cancel service.

The customers must be given at least 60 days' notice before the unit enrolls them. The program must allow residential customers who have not contracted with an electric supplier to opt-out of the electric service offered by the municipal aggregation unit. Residential customers who have contracted with an electric supplier may opt-in to the program, but the bill does not affect or impair any existing contracts with a supplier.

## **REQUEST FOR PROPOSALS**

The municipal aggregation unit must issue an RFP to licensed suppliers to provide electric generation service. It must select a bidder after providing a written analysis that the economic benefits will be equal to or exceed the current or projected economic benefits of receiving generation services through standard service (the service

electric companies provide to customers who have not chosen a supplier). Each municipal aggregation unit must retain the services of a firm with expertise in electric aggregation and energy procurement to help its participation in the pilot program, including developing the RFP.

**REPORT**

The bill requires PURA, by January 1, 2016 and in consultation with the Office of Consumer Counsel, to submit a report on the performance of the program to the Energy and Technology Committee. The report must also include findings and recommendations regarding whether the program should be extended and expanded statewide.

**COMMITTEE ACTION**

Energy and Technology Committee

Joint Favorable Substitute

Yea 24 Nay 0 (03/14/2013)